

February 21, 2007

Via ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: *Notice of ex parte presentation (CC Docket No. 96-45; WC Docket No. 05-337)*

Dear Ms. Dortch:

During the NARUC Winter Meetings on February 18-20, 2007, Dobson Communications Corporation ("Dobson"), held separate meetings with State Members of the Federal-State Joint Board on Universal Service and their advisors regarding universal service reform issues. Specifically, on February 18, Dobson met with Commissioner Larry Landis of the Indiana Regulatory Commission. On February 19, Dobson met with Commissioner Lisa Pollack Edgar of the Florida Public Service Commission, and with her advisors David Dowds, Roberta Bass, and Jacob Williams. Also on February 19, Dobson met with Billy Jack Gregg, Director of the West Virginia Consumer Advocate Division. On February 20, Dobson met with Commissioner Ray Baum of the Oregon Public Utilities Commission and his advisor Phil Nyegaard.

In all of these meetings, Dobson was represented by Thomas A. Coates, Vice President, Corporate Development, and the undersigned on behalf of Dobson. The substance of Dobson's presentation is summarized in the attached slides, which were distributed to the participants in each of these meetings.

WILKINSON) BARKER) KNAUER) LLP

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Please direct any questions regarding this filing to the undersigned.

Respectfully,

WILKINSON BARKER KNAUER, LLP

By: /s/
L. Charles Keller

Attachment

cc (email): Hon. Ray Baum
Hon. Lisa Pollack Edgar
Hon. Larry Landis
Hon. Billy Jack Gregg
Phil Nyegaard
David Dowds
Roberta Bass
Jacob Williams



Universal Service Reform Discussion

**Washington, DC
February 18-21, 2007**

Thomas A. Coates – Dobson Communications Corp.

L. Charles Keller – Wilkinson Barker Knauer, LLP

Who is Dobson?

◆ Dobson's History

- Roots as a rural LEC
- Entry into cellular in 1990
- Strategic growth primarily through acquisitions

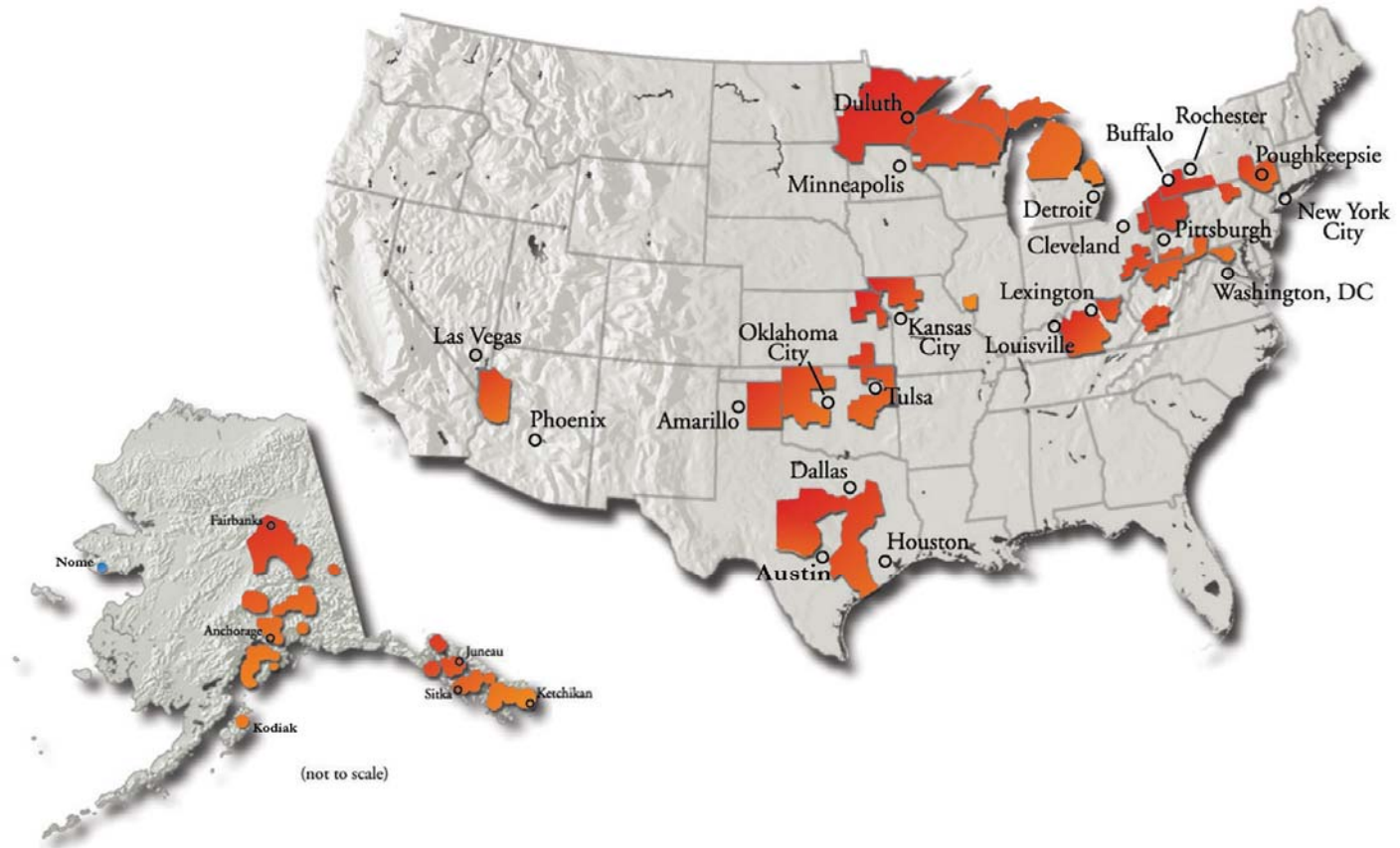
◆ Dobson Philosophy

- Offering to rural wireless subscribers the same level and quality of services as urban subscribers enjoy
- Dobson was one of the first rural carriers to provide digital services to its subscribers
- Our entire network now utilizes GSM digital facilities that are capable of providing the full panoply of voice, data and video digital services as those available in every urban center

◆ Dobson's Growth

- Dobson is now the seventh largest regional wireless company
- We are devoted solely to serving rural and suburban communities

Dobson's U.S. Service Map



- ◆ Currently have 1.6 million subscribers in areas licensed to serve 12.4 million people
- ◆ Average population density for “covered” area is 41 people per square mile

Overview

- ◆ **If carefully designed so as not to achieve an anticompetitive outcome, reverse auctions show the potential to achieve long-term universal service reform goals.**

- ◆ **The Joint Board can recommend near-term reform that will substantially reduce pressure on the fund:**
 - Disaggregate support *at least* to the wire center level.
 - Freeze per-line support levels in a study area upon designation of a competitive ETC in the area.
 - Transition all support away from ILEC embedded costs (especially in rate-of-return areas), and towards an *objective* measure of *efficient* costs.

- ◆ **Consider the current role of wireless in rural consumers' lives as you formulate universal service policy.**

Auction Design

- ◆ **If carefully designed so as not to achieve an anticompetitive outcome, reverse auctions show the potential to achieve long-term universal service reform goals.**
 - Auctions might objectively identify the true “cost of service” in rural and high-cost areas
 - Cannot justify artificial restrictions on number of supported carriers in a particular area
 - Planning for proper geographic auction sizes must be detailed and meticulous
 - Assuming that an auction area will be similar in size to current wire centers, the number of bidding areas will be dramatically greater than any previous FCC auction
 - The result is a substantial change in approach that will take time to phase in
 - Small-scale pilot programs (such as in unserved areas) could provide valuable information for successful implementation on a broader scale

Near-term reform can reduce pressure on the fund

◆ **Disaggregate support *at least* to the wire center level.**

- Provide support that is based on more geographically specific determinations of the cost of service
- Eliminates debates about averaging of support across geographic areas.
- Ensures that high-cost funding actually provides an incentive for rural infrastructure development.
- May result in modest decreases in fund size.
- Disaggregation already is permitted under existing rules. Should be required.
- (Some rural LECs, e.g. Embarq, support this concept)

Near-term reform can reduce pressure on the fund

- ◆ **Freeze per-line support levels for HCLS and ICLS now in study areas that have competitive ETCs and upon designation of a competitive ETC when an area receives its first competitive ETC**
 - Data suggests that freezing per-line support in 2004 (when wireless substitution and CETC designation gained momentum) would have reduced 2007 funding levels by about \$1.2 billion.
 - Impact is competitively neutral, affecting per-line support for ILECs and CETCs alike going forward.
 - ILECs should not receive *more* support when their product becomes *less* popular with consumers.

Near-term reform can reduce pressure on the fund

- ◆ **Transition calculation of all support levels away from ILEC embedded costs (especially in rate-of-return areas), and towards an *objective* measure of *efficient* costs.**
 - Existing system provides no incentives for efficiency. In a competitive marketplace, Federal programs should not be structured in a manner that guarantees recovery of any and all investments.
 - ILECS should not be protected from a competitive marketplace.
 - Carriers must provide the kinds of services that consumers want at competitive prices.
 - Objective measure of cost reduces need for regulatory oversight of ILEC rates and accounting.
 - Economic cost estimation tools have advanced considerably in the last decade.
 - Long term, cost estimates should be based on lowest-cost technology for serving a given area. During an interim period (no more than 3 years), could support wireless and wireline ETCs based on objective measure of each technology's cost in a given area.
 - Reverse auctions as a potential long-term approach.

The new program must look to the future

- ◆ **As you contemplate USF reform, remember that wireless technology is as much, if not more, a part of Americans' way of life as the landline telephone, and ILEC services should not be protected at the expense of wireless availability.**
 - **The number of wireless phones surpassed combined ILEC/CLEC subscriber lines in 4Q05.**
 - **Mobility is a real consumer benefit – more so in rural areas than urban.**
 - **Wireless is part of the broadband deployment solution.**
 - Mobile wireless broadband customers increased at the fastest rate of any technology platform in the last year, by many orders of magnitude, and now account for fully half as many subscribers as DSL
 - Deployment in rural and high-cost areas depends upon the availability of funding – for ILECs as well as wireless. Consumers – and not USF policy -- should pick winners and losers among telecommunications service providers.

The new program must look to the future

- **ILECs, including those in rural areas, should not be insulated any longer from market forces.**
 - Wireless carriers' churn rates range between 1.5%-3% per *month* (18%-36% annualized).
- **Competitive neutrality in USF policy would have been guaranteed by last year's Senate telecom bill.**

Rate of increase by tech. platform	Jun-Dec 2005	Jan-Jun 2006
Cable Modem	10%	7%
DSL	19%	15%
Mobile Wireless	295%	211%